

Farm Bill Section 9006 – 7CFR 4280-Subpart B

Renewable Energy and Energy Efficiency Program

FACT SHEET

Section 9006 – The Renewable Energy and Energy Efficiency Program, through USDA-Rural Development, offers **grants and guaranteed loans** to help **farmers, ranchers, and rural small businesses** purchase renewable energy systems and make energy efficiency improvements.

Who is eligible?

- ☒ Farmers, ranchers, and rural small businesses with a demonstrated financial need.
- ☒ Farmers and ranchers must directly engage in the production of agricultural products and obtain at least 50% of their gross income from their agriculture business.
- ☒ Rural small businesses must meet the definition of a small business according to SBA (Small Business Administration) standards and must be headquartered in a rural area.
SBA small size standards can be found at <http://sba.gov/size/13cfr121.html>.
- ☒ A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c) (12) of the Internal Revenue Code.
- ☒ Non-profit organizations and public entities are **not** eligible.

How much assistance can be provided?

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Description	A process that PRODUCES energy.	Improvements that REDUCE energy consumption.
Minimum grant (no more than 25% of total eligible project costs)	\$ 2,500	\$ 2,500
Maximum grant (no more than 25% of total eligible project costs)	\$ 500,000	\$ 250,000
Maximum guaranteed loan (no more than 50% of total eligible project costs)	\$ 10,000,000	\$ 10,000,000
Energy audit required?	NO	Required for all energy efficiency projects.
Categories of projects (All projects must be located in a rural area.)	Biomass, Anaerobic Digester, Geothermal – electric generation, Geothermal – direct use, Hydrogen, Small and Large Wind, Small and Large Solar	Energy Efficiency Improvements verified by an energy audit or assessment.

Applications are due once a year.

The due date for applications and 4280-B regulations are targeted to be published in May 2005 in the Federal Register. Specific application documentation requirements and program requirements for the program will be in the 4280-B regulations. **We encourage you to start planning your project now.** Applications will probably be due 45-60 days after being published in the Federal Register.

Two (2) copies of your application are to be submitted to the USDA Rural Development Office where your project is located or, in the case of a rural small business, where they are headquartered. For a list of Rural Development Business-Cooperative Specialists and the Iowa Rural Development State Office addresses and telephone numbers – [see the 4th page of this fact sheet](#).

Selection is based on a nation-wide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, and technical and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project may be submitted.

Program information

	Grant	Guaranteed Loan	Combination Grant & Guaranteed Loan
Maximum percentage	Up to 25% of total <u>eligible</u> costs to those who demonstrate financial need.	Up to 50% of total <u>eligible</u> costs.	Up to 50% of total <u>eligible</u> costs to those who demonstrate financial need.
Who is the applicant?	Agricultural producer or rural small business The headquarters of the business must be located in a rural area.	A lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business.	2 applications needed. The grant application is from the agricultural producer or the rural small business. The lender submits an application for the guaranteed loan.
What are eligible costs? <i>(All eligible projects must be located in a rural area and utilize a replicable pre-commercial or replicable commercially available, and feasible technology.</i> <i>The applicant must be the owner of the project and control the operation and maintenance of the proposed project.</i> <i>Applicants must demonstrate the project has sufficient revenues to provide for operation and maintenance.)</i>	<ol style="list-style-type: none"> 1. Post application purchase and installation of equipment, except agricultural tillage equipment and vehicles. 2. Post application construction or project improvements, except residential 3. Energy audits or assessments 4. Permit fees 5. Professional service fees, except for application preparation. 6. Feasibility studies 7. Business Plans 8. Retrofitting 9. Construction of a new facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide more energy savings than improving an existing facility. 	<p>The same eligible costs as listed for a grant, with the addition of:</p> <ol style="list-style-type: none"> 10. Working capital 11. Land Acquisition 	Only the guaranteed portion can be used for working capital or land acquisition.

To Be Announced in the 4280-B regulations estimated to be published in the Federal Register in May 2005.

NEW- Due date for applications.

NEW- Required application documentation and eligibility guidelines.

NEW- Low Doc program threshold (less paperwork burden, processing, and servicing requirements).

NEW- Threshold for the requirement of a professional engineer on a project (last year it was \$100,000).

NEW- Technical/feasibility requirements and report format for each type of technology.

NEW- Scoring Guidelines, Review Checklists, and Application Templates.



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Possible sources of matching funds and assistance in the preparation of technical reports.

Iowa Energy Center – www.energy.iastate.edu – Phone: 515-294-8819 (0% interest loans – max \$250,000)
 Iowa Dept. of Natural Resources – www.state.ia.us/dnr/energy - Phone: 515-281-8416 or 515-281-4876
 Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

Possible sources of help for preparing financial information.

Your local banker or your accountant

Iowa Small Business Development Centers www.iabusnet.org/sbdc/index.html - Phone: 1-800-373-7232
 Iowa Agricultural Innovation Center www.iowaAgInnovationCenter.com – Phone: 515-281-6936
 Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

For Help in reviewing an application for completeness or Help in preparing an application.

Iowa Rural Development Business-Cooperative Specialists – for names and location information – [see the 4th page of this document.](#)

Resource Conservation and Development Districts (RC&D) Coordinators – for names and locations, please go to:
www.ia.nrcs.usda.gov/partnerships/rcandd.html

Iowa Dept. of Natural Resources – www.state.ia.us/dnr/energy - Phone: 515-281-6936

Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

Iowa Agricultural Innovation Center www.iowaAgInnovationCenter.com – Phone 515-281-6936

Funding

FY 2005 (the 3rd year of a 5 year program) will have approximately \$23 million available nationally for the Section 9006 Energy Program.

In **FY 2004** (the 2nd year of the program), \$22.8 million was available nationally in competitive grant funds, 167 applications were approved for funding nationally, of the 20 applications received in Iowa, 7 were approved for funding.

In **FY 2003** (the 1st year of the program), \$21.23 million was available in competitive grant funds, 113 applications were approved for funding nationally, of the 14 applications received in Iowa, 10 were approved for funding.

Examples of Energy Projects Awarded Grants in Iowa in FY 2003 and FY 2004

Renewable Energy	
Small Business	Installation of a Cogeneration wood fired boiler system primarily to create heat to operate the kilns and steamer and also produce electricity.
Agricultural Producer	Install a factory made wood burning furnace that is located outside. The furnace will heat water that will be pumped through insulated underground pipes.
Small Business	Install hot water renewable fuel boiler along with solar PV electric and solar thermal supplemental design for heating a greenhouse project.
Agricultural Producer	Installing a geothermal renewable energy system at a winery and farm.
Agricultural Producer	Erect a Bonus 450 KW wind turbine in order to strengthen farming operation through efficiency and diversity of operations and additional source of income.
Small Business	Provide electric power to headquarters facility with 2 wind turbines and photovoltaic systems.
Small Business	Construct a wind turbine (67-1650KW) electric generation farm.
Agricultural Producer	Manure processing project that generates own energy for drying manure on a dairy farm.
Small Business	Installation of wind turbines and solar PV array pumping system.
Small Business	Build a 12,000,000 gallon bio-diesel production plant.
Agricultural Producer	Installation of a 5,600,000 kW wind turbine on a farm.
Agricultural Producer	Installation of 10 kW wind turbine on a farm for farm electrical usage.
Energy Efficiency	
Agricultural Producer	Installation of an energy efficient grain drying bin.
Small Business	Install energy efficient equipment and lighting in a restaurant using a Reverse Ambient Solar Energy Refrigeration System (RASERS).
Small Business	Install energy efficient equipment in a linen cleaning facility using a Reverse Ambient Solar Energy Refrigeration System (RASERS).
Small Business	Install new boiler system and high efficiency dry kilns.
Small Business	Energy conservation and efficiency for office/warehouse for calibrated day lighting controls, lighting controls, lighting design alternatives, conditioning of outside air, and insulation.

Business & Cooperative Programs Contact
For Areas 9 & 10 is: Chris Mercer, 515-332-4411, chris.mercer@ia.usda.gov

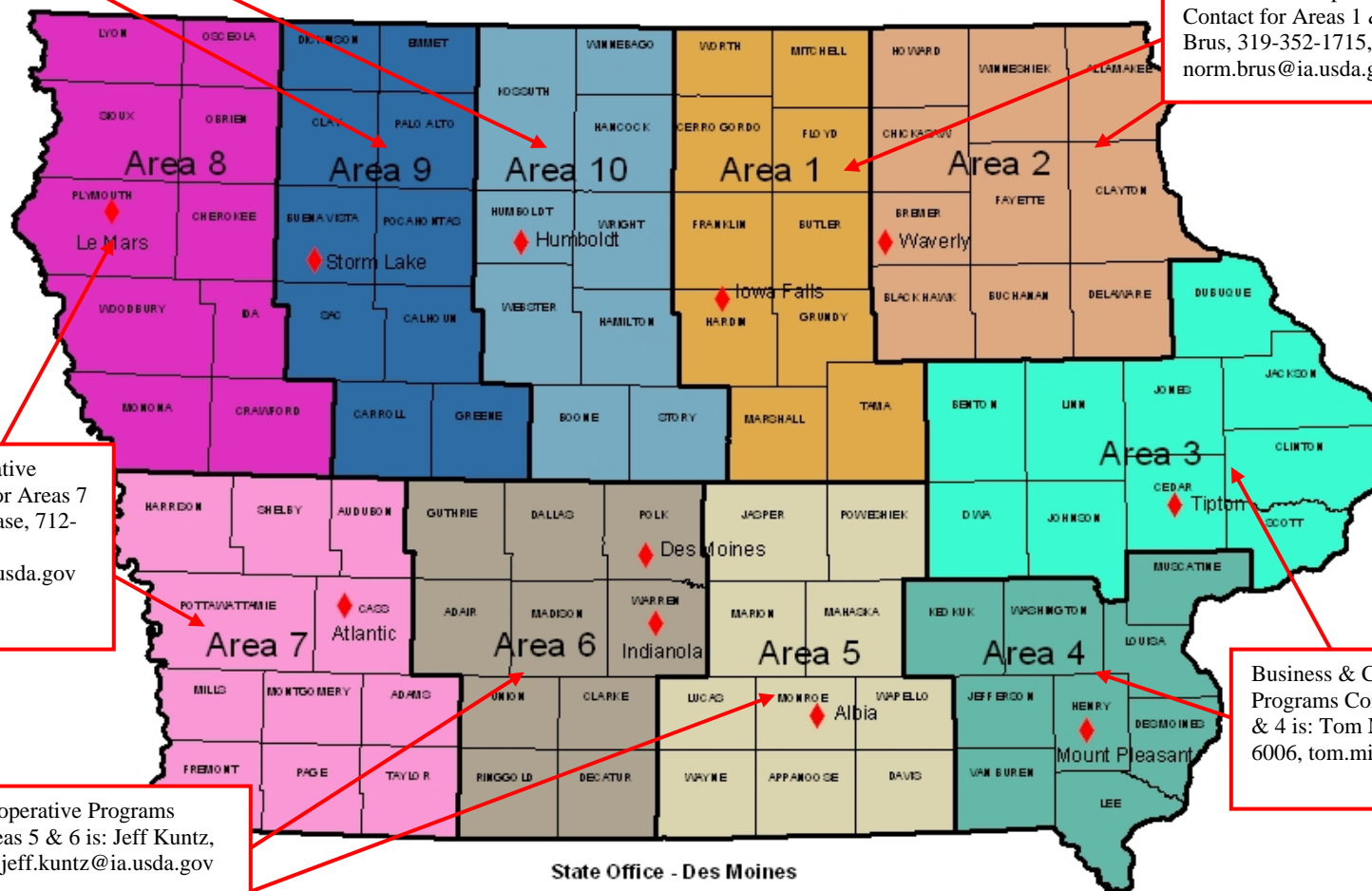
Iowa Rural Development Organizational Map

Business & Cooperative Programs Contact for Areas 1 & 2 is: Norman Brus, 319-352-1715, norm.brus@ia.usda.gov

Business & Cooperative Programs Contact for Areas 7 & 8 is: Shannon Chase, 712-243-2107, Shannon.chase@ia.usda.gov

Business & Cooperative Programs Contact for Areas 5 & 6 is: Jeff Kuntz, 641-932-3031, jeff.kuntz@ia.usda.gov

Business & Cooperative Programs Contact for Areas 3 & 4 is: Tom Miller, 563-886-6006, tom.miller@ia.usda.gov



State Office - Des Moines

Area 1 Iowa Falls	Area 6 Indianola
Area 2 Waverly	Area 7 Atlantic
Area 3 Tipton	Area 8 Le Mars
Area 4 Mt. Pleasant	Area 9 Storm Lake
Area 5 Albia	Area 10 Humboldt



Effective Date: June 14, 2004